EXHIBIT 4

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

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PEREGRINE FIXED INCOME LIMITED

(in liquidation),

Plaintiff,

vs.

JP MORGAN CHASE BANK (formerly

Known as The Chase Manhattan

Bank and having merged with

Morgan Guaranty Trust Company

Of New York),

Defendant.

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DEPOSITION OF PIERS MURRAY

New York, New York

Tuesday, December 6, 2005

Reported by:

Thomas R. Nichols, RPR

JOB NO. 179720

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A. It is certainly relevant to those transactions. It' as relevant to those transactions as it is to the FX options portfolio, because the underlying risk in those, as I mentioned to you, interest rates. Each of these building blocks builds on a -- each of these building blocks refers to the previous asset.

So when you're running an interest rate book, you do have spot risk. So it would have been important to have some degree of -- some degree of certainty or understanding about what the spot rate was. And spot rates at the time were relatively volatile.

So in all likelihood an appropriate course of action would have been to have set spot references.

Q. Is it fair to say that by providing the spot reference price for some or all these transactions in obtaining market quotations it's your opinion that the market quotes that were obtained were more favorable to Peregrine than they would have been if J.P. Morgan had simply gone out and asked for a live price?

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A. Certainly from the variability of the prices that we received and from, um, yes. By providing spot references we reduce the variability that we were going to receive back in terms of the prices. Effectively if you think about the volatility of markets at the time, if you ask for a live price on an asset that took some time to price up, whether it was minutes or hours, you introduced another element of risk that affected both Peregrine and J.P. Morgan.

And if you don't give guidance, then one of the other market makers could choose to come back and say, well, off such and such spot reference this is the price I see, and that spot reference might have had nothing to do with the market at the time. It could have been, you know, one, two, three, four, five percentage points away. It would still have been a good price off that person's spot reference.

Q. And so by providing the spot reference price to the reference market makers, J.P. Morgan's intent was to remove

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that element of variability; is that correct?

A. Correct.

Q. Now, who came up with the strategy to obtain market quotations in the manner you just described, at least in part by supplying the spot reference price?

A. Specifically for the FX options portfolio or generally across the bank?

Q. Let's start with the options.

A. It was something that I discussed with Don, whether it was permissible for us to provide spot quotations, to ask for prices with spot quotations.

The nature of the market at the time was to ask for prices with spot quotations, especially if you're asking for one side of the transaction. And so that was something that I came up with. But again, the risk requirement driving it would have been the same across all the desks.

Q. And so you had delineated originally between the option desk and then across the whole business.

Is there something different that

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was going on across the whole business? In other words, another person that thought this up or was it you and then it spread to the entire transaction?

A. I don't know who specifically made the decision for each of those businesses, but the intuition for those businesses, for those trading desks, would have been the same as mine.

Q. So you're speculating a bit as to what would be going on in those other trading desks heads' minds; is that fair to say? or you had specific conversations with them?

A. The intuition would have been exactly the same. It is a -- when the transactions are removed you have a new risk. And as I said, the volatility in the market at the time was extreme.

The one thing that you did not know was how long somebody was going to take to come back to you with a price. It could be a minute, which would have been reasonable in the FX options market for a smallish transaction, say $10 million, but it could

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on the market quotes once you commenced asking for them?

A. I still think it was in the minutes time frame.

(Mr. Singer joined the deposition.)

Q. With regards to the Indonesian rupiah, you said that the standard amount would be 10 to $20 million.

Can you describe for me whether the request in this case to the reference market makers was for an amount less than, equal to or above that range?

A. Can you repeat the question? Because I had a train of thought to a response at the beginning of that and then I lost it.

(A portion of the record was read.)

A. (Continuing) Therein lies part of my response. I think I've said that the standard amount prior to this time, i.e., when Indonesia, when the currency pegged -- when the Indonesian currency ban was broken, standard sizes went out the window.

So prior to this, prior to 1998, probably some point in 1997, the standard

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market sizes were 10 to 20. At this point when I was asking for quotations there was no market, standard market size. People could choose to make the price or not.

Q. I see. When you've finally undertook to obtain market quotations for the Indonesian ruby positions --

A. Rupiah.

Q. I'm sorry. -- rupiah positions, how long did it take for the reference market makers to get back to you for those transactions?

A. It took -- it was again within a matter of minutes. The -- there is -- I was going to respond to this in my answer to the last question, was that in the case of the Indonesian rupiah, the, um, it's actually in many, in all of the cases, spot had moved so significantly away from the strike of the option that the bulk of the valuation of that option lay not in volatility, but lay in the spot price.

So while I was asking for the option price, there was not much for the option

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market maker to do from a volatility perspective. He was mainly making a spot price.

You can see that evidenced by the value of the rupiah call. It's a 2700ish strike rupiah call. If you look at the valuation of that, the valuation that the market makers provided was very, very low, zero or half a basis point. That value, because that option is so far away from the market, gives you an idea of how much the volatility component of that option was worth.

The volatility option of the call and the put would be exactly the same. So of the entire valuation of the put option, if the call was only worth half a basis point, then the volatility component of the put was also only worth half a basis point. And the rest of that value of that option was due to spot and forward.

One other thing that I needed to clarify from my previous comments was that the market convention in developed currencies was to quote with a spot reference. The market

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convention for emerging markets currencies was to quote with a forward, with a forward reference.

The reason for that was that in addition to having a fairly large bid offer spread in spot, you also had a fairly large bid offer spread in the forward price, in the interest rate differential. And So when people exchanged deltas in the market, with the emerging markets currencies they would exchange with a forward Delta rather than with a spot delta. It was unusual to quote with a spot delta.

Q. I want to come to that market practice in a moment. With regards to the New Zealand dollar option, I believe you discussed the fact that a standard transaction would be between 15 to $30 million; is that correct?

A. That is my recollection, yes.

Q. And the transactions at issue in this case, where do they fall in relation to that standard range?

A. They were large.

Q. And once you commenced to obtain markets quotations for the New Zealand dollar transactions how long did it take for the reference market makers to get back to you?

A. I think it was again in a matter of minutes versus -- again, the scale that you were talking about as minutes versus hours or days, it was -- it's still minutes. And I think largely within -- everything within, um, we talk about a scale of ten minutes for the kiwi options, ten minutes for the rupiah options and within three to four minutes for the yen options. This is again, this is not directly, but would be an acceptable range.

Q. And when you say its an acceptable range, did it actually occur that each one of these currencies you just described did fall into that acceptable range or were some of them outside?

A. My recollection is that they fell into that acceptable range.

Q. And maybe just so I'm clear, if you could tell me if there's any significance -- well, let me strike that. I'm sure there's

some significance, but maybe if you could help me understand the significance between something closing out within one minute versus five minutes versus ten minutes versus an hour.

A. Certainly. The significance has to do with the volatility of the markets at the time. It has to do with that and also actually has to do with some standard market practice.

Let me just definitely on the minor point first, which is that if a dealer didn't respond to you within a certain time frame, then that dealer was expressing indifference to your request. And the next time that the dealer called you up for the request for a price, you might express the same indifference to that dealer. So the customary behavior between dealers was to try and give as quick quotations as possible in order to preserve liquidity for yourself as a trading entity.

And in providing the spot references we did, one of the things that we achieved was getting, I believe, was in getting quicker

responses to our requests for pricing.

Now, in terms of the risk, it had to do with the volatility of the markets at the time. The markets were prone to movement on news and on things like intervention in the markets.

For example, the yen, and I don't know whether it was immediately prior to this or sometime after this, but the bank of Japan was intervening in the yen markets or had been intervening in the yen markets. And just to give you a sense of scale, the dollar yen went from 150 down to 130 in a matter of days, and in fact within those days moved from 138 to 135 within a matter of minutes upon the news of the intervention.

So if a news event were to intervene and cause the markets to move and you didn't know which way it was going to move, you were running a significant, you were running a significant amount of risk that that would happen, which is why the speed of the response was so critical.

Q. Let me ask you, with regards to the

Hong Kong dollar forwards, can you tell me how long it took for the reference market makers to provide their quotations with regards to those transactions once the request was made by J.P. Morgan?

A. I cannot.

Q. And that's because you didn't handle the forward book as opposed to the option book; is that correct?

A. Correct.

Q. And the person that handled the forward book was Roberta Yuan; is that correct?

A. Yes.

Q. Is she still employed by J.P. Morgan?

A. No, she is not.

Q. Is there anyone else that was involved either with her or subordinate to her that could speak to how long it took to obtain those quotations once the requests were made That still is employed by J.P. Morgan?

A. I don't believe there is. Most of the employees of J.P. Morgan have left.

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January 1997 to January 1998, for emerging currencies, I would cut off the -- I would cut off from April/May of 1997 as being a period in which there was liquidity versus a period in which there was less and ever less liquidity. So from April/May of 1997 there was ever less liquidity in the emerging markets currencies. In fact to point that the Malaysian ringgit disappeared from being a traded currency at all.

So in the developed currencies and G7 currencies, I could well have asked for a price on a put or a call and given the strike and it would have taken the form of do you have any interest in quoting a 131 -- a 130 dollar call. And the additional piece of information that I would have provided with that request of the 130 dollar call would have been I see this as roughly a 25 delta option. OK? The "I see" in Reuters code.

The reason to provide that additional piece of information was that options traders think in terms of a matrix of prices that include at the money 25 delta and

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ten delta options. And providing that extra piece of information enables the market maker to come back to you with a quicker price.

So I see this as a 25 delta. What would then happen would be the market maker would come back with a quote, a volatility bid offer, volatility price, that presumed a 25 delta. If I then traded on that price and I would say OK, let's price it off of a spot rate of 135, at this point we would then set the spot rate at 135.

If the option was more than one percentage point away from being a 25 delta, the market make would have the option of not adhering to the original price. So he quotes 9195. I say at 95. Let's set the spot at 135. The market maker comes back and says, I don't see this as a 25 delta. I see this as a 28 delta.

I would then go back and say, OK, what would you quote for a 28 delta then? Or alternatively, what do you see as the 25 delta strike. And if it's not a 130 strike, but is a 129.50 strike, then I would vary my request.

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Q. Let me ask you, in the transactions that you closed out, the option positions, J.P. Morgan supplied the spot rate in obtaining the market quotations, correct?

A. That's correct.

Q. Did J.P. Morgan also supply the interest or forward rate in obtaining those quotations?

A. For the developed -- for the G7 currencies, for the Aussie and the kiwi or for the kiwi and the yen?

I'm not sure about the kiwi. I don't think we provided the forward rate for the yen, because as I said the bid offer spread was -- the bid offer spread of the forward was negligible and the event risk associated with a forward was also negligible.

I'll go back to this event risk comment, because --

Q. Well, actually let me just ask my next question. Then let's take the spot price that's provided for these transactions.

You've testified that it was market practice to supply the spot rate, and that's

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one of the factors that came into your decision as to supply the spot rate when obtaining market quotations for this case. But as I understand your testimony, between the time of spring of 1997, the spring of 1998, you can't think of a single instance of where the spot rate was supplied to similar market making institutions at the very onset of the conversation.

And so my question is, how do you conclude that it's market practice to supply that spot rate?

A. There are two different sets of circumstances. When I'm asking a market maker for a quotation and I'm providing a spot rate, the spot rate at which -- the spot rate that -- sorry. When I ask the dealer for a market quotation --

MR. FELDBERG: Did you say when I ask?

THE WITNESS: When I ask. Sorry.

A. When I ask the dealer for market quotation, I am asking to enter or to change one risk characteristic of my portfolio, and

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that's the volatility risk characteristic of the portfolio.

When the counterparty comes back with a price, a volatility price, we still need to agree on a spot price to consummate the transaction. And that is because the exchange of the delta risk or the spot, the exchange of spot, that makes that a volatility transaction happens at that rate.

In providing that spot quotation for the other transactions, that was what we were doing. Because there was not going to be an exchange of -- there was not going to be an exchange of -- there's not going to be a transaction done on the back of the market quotation.

What we were doing was seeking information from the market on how to quote, on how to value that transaction. And there were four or five different -- four different quotes that we were getting. And we knew that once those quotes were given that the risk would be removed from our books with that spot reference.

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So these are two different situations and you're trying to categorize them as the same thing and they are not the same thing. Because one is a risk neutral event. The dealer quotation is a risk neutral event. The unwind is not a risk neutral event.

Q. Understood. And the reason I'm asking these questions, initially you told me that the decision to supply at least some of the variables in connections with these transaction was because it was an idea that you thought up and it was also market practice.

And so my question is, where is the market practice from the inception of the conversation with a reference market maker to supply these variables from the very inception of that conversation? Where is that market practice?

A. It's in embedded within the description I've given you.

Because the market practice is around risk. It's not in terms of the process

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which you're describing.

Q. I think I understand.

MR. WAXMAN: Why don't we take a five-minute break and we'll resume.

(A recess was taken, after which the deposition resumed with all parties present except Mr. Singer.)

MR. FELDBERG: Two things, first I think Mr. Murray remembered another name and, second, either now or at a convenient spot, if we just might hear the last two questions. He may have something further to say on that.

MR. WAXMAN: Let him recount any names he recalls and then maybe right before the lunch break or after the lunch break we can go back to that.

MR. FELDBERG: For the reporter it might be easier if he just marks those questions so that he has them in his head. The last two questions before the break.

A. (Continuing) The names of the traders, William Lee, L-e-e, was my exotics

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trader, and, unrelated, Jin Woo Lee, J-i-n W-o-o, Lee, was my euro/yen trader and he was helping Simon on the kiwi.

So if I could have the last two questions back then?

Q. Actually, I'm going to wait on that for right now.

A. OK.

Q. You stated Mr. Lee was your exotics trader; is that right?

A. Uh-huh.

Q. You have to say yes or no.

A. Yes.

Q. The currencies and transactions at issue in this case, do you know whether those were exotic- or vanilla-type transactions?

A. All of the options transactions that we had with Peregrine were vanilla.

Q. How about the Indonesian rupiah forward, would that be an exotic- or vanilla-type transaction?

A. That would most definitely be a vanilla transaction.

Q. How about the Hong Kong dollar